



## **Economic Impact Analysis Virginia Department of Planning and Budget**

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**18 VAC 130-20 – Real Estate Appraiser Board Rules and Regulations**  
**Department of Professional and Occupational Regulation**  
December 16, 2011

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### **Summary of the Proposed Amendments to Regulation**

The Real Estate Appraiser Board (Board) proposes to raise the biennial fees it charges to certified, licensed and trainee real estate appraisers by \$9.

### **Result of Analysis**

There is insufficient data to accurately compare the magnitude of the benefits versus the costs. Detailed analysis of the benefits and costs can be found in the next section.

### **Estimated Economic Impact**

Section 54.1-2013 of the Code of Virginia states that the Board “may do all things necessary and convenient for carrying into effect the provisions of this chapter and all things required or expected of a state appraiser certifying and licensing agency under Title 11 of the Financial Institutions Reform, Recovery and Enforcement Act of 1989.” The Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) was passed by Congress in 1989 as a result of the savings and loan crisis; it requires the state licensing of real estate appraisers. FIRREA created the Appraisal Subcommittee which monitors and reviews the practices, procedures, activities, and organizational structure of the Appraisal Foundation. The Appraisal Foundation promulgates the Uniform Standards of Professional Appraisal Practice (USPAP) which are the generally accepted appraisal standards by which appraisals must be performed.

The Appraisal Foundation, the sole source of USPAP, changed the price it charges state appraiser regulatory agencies for a copy of USPAP from \$22 to \$30 on October 1, 2009. By regulation, the Board must provide each appraiser license applicant and licensee with a new copy of USPAP every two years. According to the Department of Professional and Occupational

Regulation (Department), significant changes to USPAP occur over the two year period. Currently the Board only charges its applicants and licensees \$21 every two years for a copy of USPAP. The Board is spending \$9 more than it receives for every copy of USPAP purchased. Thus the proposal to raise the biennial fees it charges to certified, licensed and trainee real estate appraisers by \$9 will allow the Board to recover its cost of supplying the USPAP, but does not subsidize any other function. Given that the Appraisal Foundation charges state regulatory boards a discount price of \$30 for each copy of USPAP versus \$75 per copy to individual appraisers, the Department believes this proposal will be non-controversial.

### **Businesses and Entities Affected**

The proposed amendments affect certified, licensed and trainee real estate appraisers and firms which employ them.

### **Localities Particularly Affected**

The proposed amendments do not disproportionately affect particular localities.

### **Projected Impact on Employment**

The proposal amendments are unlikely to significantly affect total employment.

### **Effects on the Use and Value of Private Property**

The proposed amendments will increase costs for certified, licensed and trainee real estate appraisers by \$4.50 per year.

### **Small Businesses: Costs and Other Effects**

The proposed amendments will not significantly affect small businesses.

### **Small Businesses: Alternative Method that Minimizes Adverse Impact**

The proposed amendments will not significantly affect small businesses.

### **Real Estate Development Costs**

The proposed amendments are unlikely to have a large impact on real estate development costs.

## Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.04 of the Administrative Process Act and Executive Order Number 14 (10). Section 2.2-4007.04 requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.04 requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.